

## Message Text

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SUBJECT: OECD MINISTERIAL PREPARATIONS: RELATIONS  
WITH DEVELOPING COUNTRIES IN THE CONTEXT OF  
GROWING INTERDEPENDENCE

FOLLOWING IS TEXT OF FINAL VERSION OF SECRETARIAT'S  
PAPER FOR ITEM 2 OF MINISTERIAL AGENDA, C(78)90  
(FINAL).

BEGIN TEXT

RELATIONS WITH DEVELOPING COUNTRIES IN THE  
CONTEXT OF GROWING INTERDEPENDENCE

I. THE BASIS FOR A CONSTRUCTIVE AND COHERENT APPROACH

1. THE STARTING POINT FOR EVOLVING A CONSTRUCTIVE  
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AND COHERENT APPROACH TO RELATIONS WITH DEVELOPING  
COUNTRIES MUST LIE IN THE CHANGING NATURE OF THE  
WORLD ECONOMY, PARTICULARLY IN THREE RESPECTS. FIRST,  
THE INCREASING DEGREE OF ECONOMIC AND POLITICAL  
INTERDEPENDENCE WHICH HAS EMERGED AND WHICH SEEMS  
LIKELY TO GROW. CURRENT LEVELS OF GLOBAL INTERACTION  
AND INTERDEPENDENCE MAKE IT INCREASINGLY NECESSARY

TO SEE THE CONCERNS OF ANY SET OF COUNTRIES IN THE CONTEXT OF THE GLOBAL ECONOMY OF WHICH THEY ARE PART. SECOND, THE UNPRECEDENTED DIVERSITY IN LEVELS OF ECONOMIC DEVELOPMENT BETWEEN COUNTRIES WHICH HAS EMERGED, PARTICULARLY IN RECENT YEARS. THIRD, THE HIGH LEVEL OF AWARENESS OF THE EXTREMES IN HUMAN CONDITIONS WITHIN THE WORLD TODAY AND OF THEIR POSSIBLE CONSEQUENCES FOR WORLD PEACE AND STABILITY: UNPRECEDENTED LEVELS OF MATERIAL PRODUCTION AND LIVING STANDARDS WITHIN THE INDUSTRIAL COUNTRIES -- AND ONLY A FEW HOURS AWAY BY JET, EXTREME MASS POVERTY, HUNGER AND A HIGH MORTALITY RATE FOR AT LEAST ONEBILLION PERSONS, A QUARTER OF THE WORLD'S POPULATION.

2. THESE ISSUES - THE GROWING PROBLEMS OF INTERDEPENDENCE, DIFFERENTIATION BETWEEN COUNTRIES, AND THE VAST PROBLEMS OF POVERTY AND WORLD INEQUALITY - UNDERLIE THE NORTH/SOUTH DIALOGUE. IN SOME RESPECTS, EACH SIDE HAS EMPHASISED ONE OR THE OTHER, AND IT IS OFTEN ASSUMED THAT THE ISSUES MUST NECESSARILY BE IN CONFLICT. BUT BASICALLY THEY ARE JOINT PROBLEMS OF THE WORLD ECONOMY AS IT HAS DEVELOPED. THEY NEED TO BE TACKLED BY IDENTIFYING AND BUILDING ON MUTUAL INTERESTS, WITHIN A COHERENT, LONG-TERM FRAMEWORK WHICH RECOGNISES THE PROBLEMS AND AGREES ON CERTAIN BROAD OBJECTIVES TO DEAL WITH THEM.

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3. THE FRAMEWORK FOR THE APPROACH PROPOSED HAS THREE MAIN ELEMENTS:

(A) THE REQUIREMENTS FOR THE EFFICIENT MANAGEMENT OF INTERDEPENDENCE WITHIN THE WORLD ECONOMY;

B) A MEDIUM/LONG-TERM VIEW OF THE SORT OF CHANGES IN STRUCTURE AND BALANCE WITHIN THE WORLD ECONOMY WHICH BOTH THE INDUSTRIAL COUNTRIES AND THE DEVELOPING COUNTRIES WOULD CONSIDER DESIRABLE;

(C) A COMMITMENT TO A CONTINUING AND EVOLVING APPROACH TO DEVELOPMENT CO-OPERATION, WHICH WOULD CLEARLY GO BEYOND THE STRICT NEEDS OF ECONOMIC INTERDEPENDENCE TO STRENGTHEN THE CAPACITY OF DEVELOPING COUNTRIES TO PARTICIPATE AS MORE EQUAL PARTNERS WITHIN THE WORLD ECONOMY AND TO PROVIDE FOR ACCELERATED DEVELOPMENT IN THE POORER PARTS OF THE WORLD, IF POSSIBLE WITHIN SOME BROAD

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FRAME OF OBJECTIVES FOR THE NEXT DECADE OR TWO.

4. SEVERAL POINTS NEED TO BE EMPHASISED IN ELABORATION OF THIS APPROACH. FIRST, IT NEEDS TO BE APPLIED IN A DYNAMIC AND FORWARD-LOOKING FRAMEWORK -- NOT AS THE MAINTENANCE OF THE STATUS QUO BUT AS THE MANAGEMENT OF INTERDEPENDENCE IN AN EVOLVING AND DEVELOPING CONTEXT. SECOND, IT SUGGESTS THE NEED TO BUILD ON AREAS WHERE THERE EXIST POSITIVE GAINS FOR BOTH THE INDUSTRIALISED AND THE DEVELOPING COUNTRIES, IF THE ISSUES ARE MORE EFFECTIVELY DEALT WITH. THIRD, IT RECOGNISES THE NEED FOR INSTITUTIONAL CHANGES AND POLICIES TO PROTECT COUNTRIES AGAINST EXCESSIVE VULNERABILITY TO THE VICISSITUDES OF THE INTERNATIONAL ECONOMIC ENVIRONMENT. FOURTH, IT PUTS THE EMPHASIS ON OBJECTIVES TO BE JOINTLY ACHIEVED AND NOT ONLY ON MEANS AND PROCESSES, ESPECIALLY WITH RESPECT TO AREAS OF MEDIUM- OR LONGER-RUN STRUCTURAL CHANGE IN THE GLOBAL ECONOMY, WHERE NORTH AND SOUTH SHARE

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MUTUAL INTERESTS.

5. INTERDEPENDENCE IS NOT JUST AN INEVITABLE FACT OF MODERN ECONOMIC LIFE -- BUT IS IN PART A CONSCIOUS MEASURE OF POLICY. THE OECD COUNTRIES ARE COMMITTED TO A FREE AND OPEN TRADING SYSTEM, AS A CENTRAL FEATURE OF THEIR JOINT POLICIES. THE REQUIREMENTS FOR THE EFFICIENT MANAGEMENT OF THIS INTERDEPENDENCE INCLUDE NOT ONLY APPROPRIATE NATIONAL POLICIES BUT THE EFFICIENT USE AND EVOLUTION OF EFFECTIVE INTERNATIONAL MECHANISMS AND INSTITUTIONS IN WAYS WHICH ENCOURAGE INDIVIDUAL COUNTRIES TO FOLLOW NATIONAL POLICIES WHICH ARE CONSISTENT WITH THIS FRAMEWORK AND WHICH MAKE IT BENEFICIAL TO ALL.

6. THE APPROACH OF IDENTIFYING AND BUILDING ON MUTUAL INTERESTS IMPLIES THE NEED OF A MORE FUNCTIONAL DIFFERENTIATED APPROACH RATHER THAN TREATING ALL ISSUES AS "NORTH/SOUTH" ISSUES. INDUSTRIALISED AS WELL AS DEVELOPING COUNTRIES CAN BE EXPORTERS OF PRIMARY PRODUCTS AND OF MANUFACTURES; AND BORROWERS AS WELL AS LENDERS OF CAPITAL, AND INTERNATIONAL DECISION-MAKING NEEDS TO TAKE ACCOUNT OF THESE DIFFERENCES IF IT IS TO BE EFFECTIVE.

7. THE EMPHASIS ON MUTUAL INTEREST SHOULD NOT DISGUISE THE AREAS WHERE THERE ARE CONFLICTS OF INTEREST. SATISFACTORY RELATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES MUST CONTINUE TO BE BUILT ON BROADER CONSIDERATIONS THAN THE SHORT-TERM ECONOMIC INTEREST OF THE OECD COUNTRIES. DEVELOPMENT CO-OPERATION -- IN THE WIDEST SENSE -- CLEARLY MUST REMAIN AN ESSENTIAL COMPONENT FOR ACCELERATING LIMITED OFFICIAL USE

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PROGRESS IN THE DEVELOPING COUNTRIES.

8. THIS APPROACH COULD PROVIDE A USEFUL FRAMEWORK WITHIN WHICH TO UNDERTAKE DISCUSSIONS ON THE OBJECTIVES AND ISSUES FOR SUCH INTERNATIONAL MATTERS AS THE THIRD DEVELOPMENT DECADE. BUT IT ALSO HAS IMMEDIATE IMPLICATIONS FOR OECD POLICY AS SET OUT IN THE FOLLOWING SECTIONS ON:

- GLOBAL INTERDEPENDENCE, DEVELOPING COUNTRIES AND THE PROGRAMME FOR CONCERTED ACTION FOR RECOVERY.
- INTERDEPENDENCE, TRADE AND ADJUSTMENT.
- WORLD INTERDEPENDENCE AND ENERGY.
- A POSITIVE APPROACH TO THE EFFICIENT MANAGEMENT OF

INTERDEPENDENCE AND STRUCTURAL CHANGE THROUGH  
INCREASED INVESTMENT IN KEY SECTORS.  
-DEVELOPMENT COOPERATION.

9. THE INCREASINGLY IMPORTANT ROLE PLAYED BY  
DEVELOPING COUNTRIES IN THE WORLD ECONOMY AND THE  
MUTUAL INTERESTS WHICH BOTH DEVELOPED AND DEVELOPING  
COUNTRIES HAVE IN A DYNAMIC AND MORE BALANCED WORLD  
ECONOMY ENHANCE THE NEED FOR OPPORTUNITIES TO EXCHANGE  
VIEWS ON GLOBAL ECONOMIC ISSUES AND FOR REGULAR OVER-  
VIEW OF DEVELOPMENTS AS THEY AFFECT RELATIONS

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BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. THE  
EXISTING INTERNATIONAL FORA FOR THE DIALOGUE WITH  
DEVELOPING COUNTRIES, INCLUDING THE RECENTLY  
ESTABLISHED UNITED NATIONS COMMITTEE OF THE WHOLE,  
HAVE THE POTENTIAL FOR SERIOUS DISCUSSIONS, ESPECIAL-  
LY IF THE ORGANISATIONAL ARRANGEMENTS CONTRIBUTE TO  
THEIR EFFECTIVE USE. THE BROADENING SCOPE AND  
COMPLEXITY OF THE DIALOGUE INCREASE THE NEED FOR  
CLOSER COLLABORATION AND STRENGTHENED CO-ORDINATION  
AMONG OECD MEMBER GOVERNMENTS TO PREPARE CONSTRUCTIVELY  
FOR SUCH DISCUSSIONS WITH DEVELOPING COUNTRIES ON

GLOBAL ECONOMIC ISSUES.

II. GLOBAL INTERDEPENDENCE, DEVELOPING COUNTRIES  
AND CONCERTED ACTION FOR ECONOMIC RECOVERY

10. MINISTERS WILL BE DISCUSSING UNDER AGENDA ITEM  
4 THE CONCERTED ACTION REQUIRED TO RESTORE SUSTAINED  
NON-INFLATIONARY GROWTH (C(78)94). THE SUCCESSFUL  
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IMPLEMENTATION OF THIS PROGRAMME WILL BE OF CRUCIAL  
IMPORTANCE FOR PROVIDING A DYNAMIC FRAMEWORK  
WITHIN WHICH DEVELOPING COUNTRIES CAN IMPROVE THEIR  
OWN ECONOMIC PERFORMANCE AND SOCIAL CONDITIONS, AND  
IN MAINTAINING A MARKET-ORIENTED WORLD ECONOMY OPEN  
TO ALL.

11. WHILE OECD COUNTRIES AS A GROUP HAVE A  
PARTICULAR RESPONSIBILITY FOR THE PROGRAMME OF  
CONCERTED ACTION, A SIGNIFICANT CONTRIBUTION TO  
WORLD ECONOMIC RECOVERY AND STABILITY COULD BE MADE  
BY DEVELOPING COUNTRIES, PARTICULARLY THOSE WHICH,  
BECAUSE OF HEAVY INVOLVEMENT IN INTERNATIONAL TRADE  
OR SHEER SIZE, ARE IMPORTANT MARKETS FOR AND/OR  
MAJOR SUPPLIERS OF INTERNATIONALLY TRADED GOODS AND  
SERVICES. AS IS SET OUT MORE FULLY IN THE FOLLOWING  
SECTION, THE POLICIES OF THE OPEC COUNTRIES IN OIL  
SUPPLIES AND PRICES REMAIN CRITICAL IN THIS RESPECT.

12. AS AS RECENTLY NOTED BY THE IMF,  
INDIVIDUAL NON-OIL DEVELOPING COUNTRIES  
HAVE STRIKINGLY DISPARATE RECORDS WITH RESPECT TO  
STABILISATION AND BALANCE-OF-PAYMENTS ADJUSTMENT  
POLICIES. NOT UNLIKE THE PATTERN EMERGING WITHIN  
THE OECD, SOME DEVELOPING COUNTRIES HAVE ACHIEVED  
SUCH SUCCESS THAT THEY ARE NOW IN A POSITION TO  
UNDERTAKE OR CONTINUE EFFORTS TO REVIVE DOMESTIC  
ACTIVITY AND RAISE IMPORTS, WHILE OTHERS ARE STILL  
MORE OR LESS SERIOUSLY CONSTRAINED BY THE NEED TO  
ACHIEVE BETTER DOMESTIC STABILITY AND EXTERNAL  
ADJUSTMENT. MOST, IF NOT ALL NON-OIL DEVELOPING  
COUNTRIES, AS WELL AS SEVERAL OPEC COUNTRIES, CONTINUE,  
HOWEVER, TO SHARE THE NEED FOR A STEADY INFLOW OF  
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EXTERNAL RESOURCES, BY MEANS OF AID OR COMMERCIAL

BORROWING.

13. THE SUCCESS OF A PROGRAMME FOR CONCERTED ACTION IN ACCELERATING GROWTH IS LIKELY TO LEAD TO A STRENGTHENING IF THOSE RAW MATERIAL PRICES WHICH ARE DEPRESSED BY THE WEAKNESS OF DEMAND. APART FROM THE BENEFICIAL EFFECTS TO EXPORTING COUNTRIES, THIS DEVELOPMENT, BY ENCOURAGING INVESTMENT ACTIVITY IN SECTORS WITH LONG LEAD TIMES, MAY ALSO HELP TO AVOID MORE SERIOUS SUPPLY BOTTLENECKS LATER. HOWEVER, TO THE EXTENT MARKET RESPONSES MAY BE INSUFFICIENT, THERE IS THE NEED, REFERRED TO BELOW IN THE BROADER CONTEXT OF MEASURES FOR INCREASING INVESTMENT, TO REVIEW ALL POSSIBILITIES OF INCREASING THE FLOW OF RESOURCES INTO THESE SECTORS IN DEVELOPING COUNTRIES AND RAISING THEIR CAPACITY TO ABSORB NEW INVESTMENT.

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III. INTERDEPENDENCE, TRADE AND ADJUSTMENT

14. CONTINUED SLOW GROWTH AND POOR EMPLOYMENT CONDITIONS COMBINED WITH CHANGES IN TRADE PATTERNS AND MORE PRONOUNCED DIFFICULTIES IN CERTAIN SECTORS

HAVE LED TO RISING PROTECTIONIST PRESSURES AND A VARIETY OF DEFENSIVE MEASURES TO RESIST OR POSTPONE INDUSTRIAL ADJUSTMENT. IF THIS TREND WERE TO CONTINUE, THERE WOULD BE A REAL DANGER OF JEOPARDISING THE OPEN MARKET-ORIENTED WORLD ECONOMY AND TRADING SYSTEM. THIS WOULD BE MOST HARMFUL FOR ECONOMIC AND SOCIAL DEVELOPMENT IN MANY DEVELOPING COUNTRIES.

15. ANALYSIS BY THE OECD SECRETARIAT HAS SHOWN THAT ON THE WHOLE THERE IS NO EVIDENCE OF A GLOBAL ACCELERATION IN MARKET PENETRATION BY DEVELOPING COUNTRIES. RECENTLY IMPORTS FROM NON-OECD COUNTRIES CORRESPOND TO PERHAPS 1 - 1 1/2 PERCENT OF OECD MANUFACTURING OUTPUT. OF THIS TOTAL FOUR-FIFTHS WERE SUPPLIED BY LIMITED OFFICIAL USE

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BRAZIL, MEXICO, HONG-KONG, KOREA, SINGAPORE, AND TAIWAN. HOWEVER, IN A FEW BRANCHES OF MANUFACTURING INDUSTRY THE RISE IN MARKET SHARES OF NEWLY INDUSTRIALISING THIRD WORLD COUNTRIES HAS BEEN PARTICULARLY RAPID AND HAS CREATED PROBLEMS OF ADJUSTMENT AT A TIME WHEN, BECAUSE OF SLOW GROWTH, ALTERNATIVE EMPLOYMENT FOR DISPLACED WORKERS HAS BEEN SCARCE.

16. CLEARLY, TRADE WITH THESE AND OTHER DEVELOPING COUNTRIES HAS BROUGHT POSITIVE BENEFITS. IMPORTS FROM LOW COST PRODUCERS HAVE HELPED TO HOLD INFLATION IN CHECK AND CONTRIBUTED TO PRODUCTIVITY GAINS IN OECD COUNTRIES. IN ADDITION, THE NEWLY INDUSTRIALISING COUNTRIES HAVE SINCE 1973 BEEN AMONG THE MOST DYNAMIC MARKETS FOR OECD EXPORTS OF MANUFACTURED GOODS, NOTABLY OF INVESTMENT GOODS. FROM THEIR OWN VIEWPOINT, THEIR RAPIDLY RISING EXPORT EARNINGS HAVE BEEN NECESSARY TO ENABLE THEM TO MEET THEIR DEBT SERVICING AND MAINTAIN CREDITWORTHINESS WITHOUT SERIOUS CUTBACKS IN IMPORTS.

17. IN SPITE OF THE STRONG PROTECTIONIST PRESSURES WHICH HAVE BUILT UP, THERE ARE OVERWHELMING REASONS FOR OECD COUNTRIES IN PARTICULAR TO REFRAIN FROM A PROTECTIONIST ATTITUDE AND, INSTEAD, TO ACCEPT THE LONG-TERM CONSEQUENCES OF ECONOMIC CHANGES IN PATTERNS OF WORLD PRODUCTION AND IN TRADE. THERE ARE PART OF THE PROCESS OF PERMANENT INCREASE OF ECONOMIC EFFICIENCY AND OF WORLD ECONOMIC GROWTH. AN OPEN MARKET-ORIENTED ECONOMY AND AN OPEN MULTILATERAL TRADING SYSTEM ARE THE MECHANISMS THROUGH WHICH THESE RESULTS CAN BE BEST ACHIEVED.

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18. IN THE FRAMEWORK OF A PROGRAMME FOR CONCERTED ACTION FOR ECONOMIC RECOVERY, THEREFORE, MEMBER COUNTRIES ARE INVITED TO DECLARE THEIR DETERMINATION TO MAINTAIN, AND EXTEND, THE OPEN MULTILATERAL TRADING SYSTEM, AND THEIR WILLINGNESS TO ADJUST TO MUTUALLY BENEFICIAL STRUCTURAL CHANGES IN THE WORLD ECONOMY. RENEWAL OF THE TRADE PLEDGE IN THIS SPIRIT AND ENDORSEMENT OF THE NEED FOR A SHIFT TO MORE POSITIVE ADJUSTMENT POLICIES ARE MAJOR ELEMENTS IN A CONCERTED PROGRAMME FOR ACTION.

19. BUT STRUCTURAL CHANGES IN THE WORLD ECONOMY, IF THEY ARE TO BE BENEFICIAL FOR ALL, ALSO IMPLY ADJUSTMENT BY NEWLY INDUSTRIALISING COUNTRIES IN THEIR OWN POLICIES. DEVELOPING COUNTRIES IN THIS GROUP COULD CONTRIBUTE TO A MORE BALANCED WORLD TRADE EXPANSION IF THEY ADOPTED, ON THE ONE HAND, DOMESTIC POLICIES WHICH GRADUALLY TRANSLATE PRODUCTIVITY GROWTH INTO EXPANDING CONSUMPTION AND INVESTMENT IN SOCIAL INFRASTRUCTURE AND, ON THE OTHER HAND, EXTERNAL POLICIES COMBINING EXCHANGE RATE AND TRADE LIBERALISATION MEASURES FOR MANUFACTURES AND AGRICULTURAL PRODUCTS. THIS WOULD BE TO THE BENEFIT OF OTHER DEVELOPING AS WELL AS OF INDUSTRIAL COUNTRIES,

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AND OF A REDUCTION OF THE PRESENT PRESSURES IN INTERNATIONAL TRADE WHICH ARE AT THE ROOT OF THE PROTECTIVE INTERVENTIONIST TREND ON MANY COUNTRIES.

20. MORE GENERALLY, MEMBER COUNTRIES SHOULD SEEK TO PROMOTE THE GRADUAL INTEGRATION OF DEVELOPING COUNTRIES INTO THE OPEN MULTILATERAL TRADING SYSTEM. IN THIS RESPECT, THE MULTILATERAL TRADE NEGOTIATIONS PROVIDE AN IMMEDIATE OPPORTUNITY TO BEGIN THIS PROCESS. MEMBER COUNTRIES CAN BE EXPECTED TO TAKE ACCOUNT IN THEIR POLICIES OF THE GROWING DIVERSITY IN THE LEVEL OF DEVELOPMENT AND INDUSTRIALISATION OF DEVELOPING COUNTRIES. THERE WOULD BE A NEED TO PAY MORE ATTENTION, IN PARALLEL WITH THE ADVANTAGES GRANTED THEM, TO THE NEW POLICY ORIENTATIONS WHICH NEWLY INDUSTRIALISING AND OTHER DEVELOPING COUNTRIES COULD UNDERTAKE. PROGRESS IN THIS AREA WOULD FACILITATE SPECIAL TREATMENT IN THE TRADE FIELD, EITHER IN GENERAL OR IN CERTAIN SECTORS, TO DEVELOPING COUNTRIES

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WHICH HAVE NOT YET BENEFITTED FROM EXPORT OPPORTUNITIES OR WHICH ARE NOT YET ABLE TO COMPETE ON INTERNATIONAL MARKETS. HOW TO ELABORATE AND OPERATE DIFFERENTIATED POLICIES POSSIBLY BASED ON A GENERAL ACCEPTANCE OF SOME BASIC PRINCIPLES AND ON A PRAGMATIC APPROACH TO THEIR IMPLEMENTATION, IS A MAJOR ISSUE WHICH WILL HAVE TO BE CONSIDERED.

22. THERE ARE CERTAIN OTHER ISSUES NOT DISCUSSED WITHIN THE MULTILATERAL TRADE NEGOTIATIONS WHICH ALSO NEED INVESTIGATION. FOR EXAMPLE, THE ISSUE OF RESTRICTIVE BUSINESS PRACTICES AND RESTRICTIVE GOVERNMENT POLICIES SUCH AS THE IMPOSITION OF EXPORT REQUIREMENTS ON FOREIGN INVESTORS IS AN IMPORTANT AREA FOR EXAMINATION, BOTH FROM THE STANDPOINT OF RESTRAINTS ON TRADE PERCEIVED BY THE DEVELOPING COUNTRIES AND THE VIEW OF DEVELOPED COUNTRIES THAT CARTELISATION IS DETRIMENTAL TO BOTH DEVELOPED AND DEVELOPING COUNTRIES. THIS MAY BE A FURTHER AREA WHERE MUTUALLY BENEFICIAL ARRANGEMENTS

CAN BE ACHIEVED AND ALSO HELP DEVELOPING COUNTRIES  
TO PARTICIPATE ON A FULLER AND MORE EQUAL BASIS WITHIN  
THE WORLD TRADING SYSTEM.

IV. WORLD INTERDEPENDENCE AND ENERGY

22. WORLD INTERDEPENDENCE IN THE FIELD OF ENERGY  
IS NOW A REALITY THAT ALL NATIONS MUST TAKE INTO  
ACCOUNT. BOTH INDUSTRIAL AND DEVELOPING COUNTRIES,  
WHETHER PRODUCERS OF CONSUMERS OF ENERGY, WILL HAVE TO  
ASSUME RESPONSIBILITIES FOR THE AVAILABILITY OF  
ADEQUATE ENERGY SUPPLIES. AT THE SAME TIME, AN EFFIC-  
IENT SYSTEM FOR MANAGING ENERGY INTERDEPENDENCE MUST  
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ALSO RECOGNISE THE DIVERSITY AMONG INDIVIDUAL  
COUNTRIES - DIVERSITY IN STAGES OF ECONOMIC  
DEVELOPMENT, RESOURCE BASED, INDUSTRIAL AND SOCIAL  
STRUCTURES - IN ORDER TO DEVELOP REALISTIC ENERGY  
POLICIES AND PROGRAMMES THAT CAN HAVE THE GREATEST  
PRACTICAL EFFECT.

23. GLOBAL ENERGY CO-OPERATION SHOULD AIM AT ENSURING  
THAT THERE WILL BE ADEQUATE AMOUNTS OF ENERGY TO MEET  
THE REQUIREMENTS OF A GROWING WORLD ECONOMY. THERE IS  
GENERAL AGREEMENT AMONG ALL NATIONS ON THE NEED FOR A  
TRANSITION AWAY FROM DEPLETABLE ENERGY SOURCES TO A  
NEW SUPPLY STRUCTURE BASED ON LONGER LASTING AND  
ULTIMATELY RENEWABLE ENERGY SOURCES. THIS TRANSITION  
CAN BE ACCOMPLISHED ONLY IF ALL NATIONS CONTRIBUTE  
ACCORDING TO THEIR CAPACITIES. THE INDUSTRIAL NA-  
TIONS WILL HAVE TO BEAR THE BRUNT OF ENERGY CONSERVA-  
TION AND THE LARGE-SCALE COMMERCIAL DEVELOPMENT AND  
TRADE IN THE MAIN TRANSITION FUELS -- COAL AND  
NUCLEAR POWER -- AS WELL AS INTENSIFIED R & D EFFORTS  
TO DEVELOP NEW ENERGY SOURCES AND TECHNOLOGIES. AND  
SINCE LARGE QUANTITIES OF OIL AND GAS WILL BE NEEDED  
DURING THE TRANSITION, EXPLORATION AND DEVELOP-  
MENT FOR THESE ENERGY SOURCES MUST BE INTENSIFIED IN ALL  
PARTS OF THE WORLD. THE OIL-PRODUCING COUNTRIES WILL

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HAVE TO TAKE INTO ACCOUNT IN THEIR PRICING AND PRODUCTION DECISIONS THE NEEDS OF THE WORLD ECONOMY AS A WHOLE ON WHICH THEIR OWN PROGRAMMES OF INDUSTRIALISATION AND ECONOMIC DIVERSIFICATION DEPEND. THE OIL-IMPORTING DEVELOPING COUNTRIES WILL HAVE TO INTENSIFY THEIR EFFORTS TO ENCOURAGE INVESTMENT IN AND TO DEVELOP INDIGENOUS ENERGY SUPPLIES -- HYDROELECTRICITY, COAL AND URANIUM AS WELL AS OIL AND GAS.

24. THESE SETS OF POLICIES CANNOT BE SUCCESSFUL UNLESS ALL COUNTRIES CO-ORDINATE THEIR EFFORTS. ENERGY INTERDEPENDENCE IS SUCH THAT NO SINGLE COUNTRY OR INDEED GROUP OF COUNTRIES CAN PLAN ITS ENERGY POLICIES PROPERLY AND EFFECTIVELY UNLESS IT CAN BE REASONABLY CERTAIN OF THE GLOBAL ENERGY SITUATION AND THE NEEDS, RESOURCES AND INTENTIONS OF OTHERS. THERE IS THUS AN OVERALL NEED FOR BETTER ANALYTICAL KNOWLEDGE AND A COMMON UNDERSTANDING OF WORLD MARKETS FOR ALL SOURCES OF ENERGY. IN ORDER TO ENSURE THAT CO-OPERATIVE

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EFFORTS ARE PROCEEDING IN THE RIGHT DIRECTION AND THAT THEY MUTUALLY SUPPORT ONE ANOTHER IN A CONSISTENT MANNER, IT WILL BE NECESSARY, THROUGH DISCUSSION, TO DEVELOP A COMMON CONCEPTUAL APPROACH AND ARRIVE AT PRACTICAL GUIDELINES FOR SPECIFIC ACTION. MANAGEMENT OF ENERGY INTERDEPENDENCE ON A WORLDWIDE SCALE CAN THUS AVOID THE CONSEQUENCES OF DAMAGING AND DISRUPTIVE

COMPETITION FOR SCARCE ENERGY SUPPLIES AND INSTEAD  
CREATE ORDERLY CONDITIONS IN WORLD ENERGY MARKETS WITH  
NET BENEFITS TO ALL COUNTRIES.

25. WHILE MEMBER GOVERNMENTS ARE PREPARED TO MAKE A  
POSITIVE AND CONSTRUCTIVE CONTRIBUTION TO INTENSIFIED  
INTERNATIONAL ENERGY CO-OPERATION AMONG DEVELOPED AND  
DEVELOPING COUNTRIES, PROGRESS IN EVOLVING AN EFFECTIVE  
INSTITUTIONAL FRAMEWORK FOR GLOBAL DISCUSSIONS AND  
CO-OPERATION ON ENERGY HAS SO FAR BEEN LIMITED AND, IN  
THE LIGHT OF DISCUSSIONS AT C.I.E.C. AND SUBSEQUENTLY  
IN THE UNITED NATIONS, IT WOULD NOT APPEAR OPPORTUNE  
FOR INDUSTRIAL COUNTRIES TO LAUNCH A MAJOR NEW INITIATIVE  
AT THIS STAGE.

V. A POSITIVE APPROACH TO THE EFFICIENT MANAGEMENT OF  
INTERDEPENDENCE AND STRUCTURAL CHANGE THROUGH  
INCREASED INVESTMENT IN KEY SECTORS

26. A POSITIVE APPROACH TO THE EFFICIENT MANAGEMENT  
OF INTERDEPENDENCE AND STRUCTURAL CHANGE HAS DIRECT  
IMPLICATIONS FOR INVESTMENT AND PRODUCTION WITHIN  
DEVELOPING COUNTRIES. SUSTAINED AND MORE BALANCED  
GROWTH IN THE WORLD ECONOMY WILL REQUIRE INVESTMENTS  
IN THESE COUNTRIES ON A SCALE MUCH LARGER THAN IS AT  
PRESENT OCCURRING. JUDGED BY ESTIMATES MADE OF LONG-  
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RUN CAPITAL AND CAPACITY REQUIREMENTS IN SUCH SECTORS  
AS ENERGY, FOOD PRODUCTION, CERTAIN INDUSTRIAL  
MATERIALS AND RELATED INFRASTRUCTURE, THE CURRENT LEVEL  
OF INVESTMENT IS CLEARLY INADEQUATE. BOTH PUBLIC AND  
PRIVATE INVESTMENT APPEAR TO BE HELD BACK  
FOR A VARIETY OF REASONS, IN PART RELATED TO GENERAL  
ECONOMIC AND POLITICAL UNCERTAINTIES. MOREOVER,  
THE EXISTING FINANCING AND DEBT STRUCTURE UNDERLYING  
RECENT INVESTMENT IS UNBALANCED, RAISING QUESTIONS  
ABOUT ITS VULNERABILITY AND THE FEASIBILITY OF CON-  
TINUING TO SUPPORT EXPANDING INVESTMENT ON THIS BASIS.  
INTERNATIONAL ACTION TO DEAL WITH THESE VULNERABILIT-  
IES COULD THUS BE A CLEAR EXAMPLE OF CO-OPERATION  
IN THE MUTUAL INTEREST, SINCE, ON THE ONE HAND, IT  
WOULD ASSIST THE PROCESS OF STRENGTHENING DEVELOPING  
ECONOMIES AND, ON THE OTHER HAND, DIMINISH THE VULNER-  
SIBILITY WHICH BOTH DEVELOPING AND DEVELOPED  
COUNTRIES HAVE IN THE PRESENT SITUATION.

27. OVER THE LAST TWO OR THREE YEARS, A NUMBER OF  
PROPOSALS HAVE BEEN MADE FOR A MAJOR INITIATIVE TO

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STIMULATE RESOURCE TRANSFERS FROM THE OECD (AND SOMETIMES OPEC) COUNTRIES TO THE THIRD WORLD. THE SECRETARIAT HAS EXPLORED THE ELEMENTS FOR POSSIBLE ACTION, NOT IN THE SPIRIT OF MAKING A SPECIFIC PROPOSAL BUT OF IDENTIFYING ISSUES AND DESIRABLE APPROACHES. THESE ARE DIRECTED TOWARDS THE STIMULATION OF INTERNATIONAL FLOWS FOCUSED ON MEDIUM-TERM INVESTMENTS IN THE THIRD WORLD OF A SORT WHICH WOULD CLEARLY BE RELATED TO DESIRABLE STRUCTURAL CHANGES IN THE WORLD ECONOMY IN THE INTEREST OF BOTH NORTH AND SOUTH AND WHERE RECENT MARKET RESPONSES HAVE TENDED TO BE INADEQUATE. A DAC MEETING AT THE LEVEL OF SENIOR OFFICIALS WAS HELD ON 23RD MAY AT WHICH CONSIDERABLE INTEREST WAS EXPRESSED IN THIS GENERAL APPROACH. VARIOUS ISSUES AND POSSIBLE CONSTRAINTS WERE IDENTIFIED WHICH REQUIRED FURTHER STUDY.

28. THE MAIN FOCUS OF SUCH AN INITIATIVE WOULD BE ON MEDIUM-TERM INVESTMENTS OF A SORT WHICH COULD  
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CLEARLY BE RELATED TO DESIRABLE STRUCTURAL CHANGES IN THE WORLD ECONOMY IN THE INTEREST OF BOTH NORTH AND SOUTH. EMPHASIS, THOUGH NOT EXCLUSIVELY, WOULD BE PLACED ON INVESTMENTS IN ENERGY, FOOD, RAW MATERIALS AND RELATED INFRASTRUCTURE -- ALL SECTORS WHICH WOULD ASSIST DIRECTLY THE DEVELOPMENT PROCESS IN DEVELOPING COUNTRIES AND INCREASE PRODUCTION TO MEET MEDIUM- TO LONGER-TERM GLOBAL NEEDS, THEREBY CONTRIBUTING TO SUSTAINED NON-INFLATIONARY GROWTH.

29. IN THE LIGHT OF THE DAC DISCUSSION, IT IS SUGGESTED THAT MINISTERS NOW CONSIDER IN GENERAL TERMS THE DESIRABILITY OF SUPPLEMENTARY MEASURES ADDRESSING THESE PROBLEMS. THE RESOURCES FOR SUCH INVESTMENTS WOULD PRIMARILY BE OBTAINED BY MOBILISING SOME OF THE MASSIVE POTENTIAL OF SAVINGS WHICH HAVE ARISEN PARTLY BECAUSE OF THE LOW LEVELS OF ACTIVITY WITHIN THE OECD COUNTRIES AND, IN A DIFFERENT MANNER, PARTLY BECAUSE OF THE OPEC SURPLUSES. TO A CONSIDERABLE EXTENT, OF COURSE, THESE SAVINGS ARE ALREADY BEING CHANNELLED TO MANY DEVELOPING COUNTRIES THROUGH THE NORMAL OPERATIONS OF THE MARKET -- BUT INADEQUATELY IN TERMS OF TOTAL AMOUNT, SECTORAL BALANCE AND SUSTAINABILITY OF MATURITY STRUCTURE.

30. THE MAIN MECHANISM FOR STIMULATING ADDITIONAL FLOWS AND MANAGING THE INVESTMENTS SHOULD BE THE INTERNATIONAL DEVELOPMENT FINANCE INSTITUTIONS. THE BORROWING AND LENDING CAPACITY OF THESE INSTITUTIONS NEEDS TO BE STRENGTHENED AND, IN ADDITION, THERE IS SCOPE FOR INCREASING USE OF SUCH MEASURES AS CO-FINANCING TO DIVERSIFY SUPPORT AND THE RESOURCE BASE. THIS APPROACH LIMITED OFFICIAL USE

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WOULD MEAN THAT THE BUDGETARY INVOLVEMENT BY GOVERNMENTS WOULD BE SMALL IN RELATION TO THE FLOWS GENERATED AND CONSIST ESSENTIALLY OF EXTENDING GUARANTEES AND AN ACCELERATED INCREASE IN CAPITAL SUBSCRIPTION TO INTERNATIONAL INSTITUTIONS. IN ADDITION AID FUNDS WOULD BE NEEDED PRIMARILY IN THE AREA OF FOOD PRODUCTION AND PERHAPS PROJECT PREPARATION AND FOR FACILITATING INVESTMENTS IN THE LEAST-DEVELOPED COUNTRIES. OTHER MEASURES MIGHT STIMULATE THE DIRECT FLOW OF PRIVATE FUNDS AND FACILITATE DIRECT ACCESS TO CAPITAL MARKETS BY DEVELOPING COUNTRIES. SUCH A PROGRAMME WOULD NEED TO BE DEVELOPED IN CLOSE CONSULTATION WITH THE DEVELOPING COUNTRIES CONCERNED AND ADAPTED IN WAYS WHICH MEET THEIR

NEEDS AND ENLISTS THEIR ACTIVE SUPPORT, IN PARTICULAR  
WITH RESPECT TO IMPROVEMENTS IN THE INVESTMENT CLIMATE.

31. SUCH AN APPROACH COULD BE PURSUED AS ESSENTIALLY  
A SERIES OF INDIVIDUAL AND INDEPENDENT ACTIONS. IF,  
HOWEVER, A NUMBER OF OECD MEMBER GOVERNMENTS WERE TO  
SEIZE THE OPPORTUNITY OF A PROPOSAL ALONG THESE LINES,  
IT MIGHT BE DEVELOPED INTO A COLLABORATIVE PROGRAMME  
WITH THIRD WORLD COUNTRIES OF REAL SIGNIFICANCE AND AS  
AN IMPORTANT MEASURE OF STRUCTURAL CHANGE IN THE

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MEDIUM-RUN. DISCUSSIONS WITH DEVELOPING COUNTRIES  
WOULD NEED TO BE INITIATED AS SOON AS MEMBER GOVERNMENTS  
ARE CLEAR ABOUT THE DESIRABILITY AND POSSIBILITY OF THE  
BROAD APPROACH, AND ON THE MOST EFFECTIVE ARRANGEMENTS  
FOR CONDUCTING SUCH DISCUSSIONS.  
S

32. THE DEVELOPMENT OF A NEW INITIATIVE ON THESE LINES  
SHOULD NOT BE AT THE EXPENSE OF THE BROADER OBJECTIVES  
AND INSTRUMENTS OF NORTH/SOUTH CO-OPERATION, INCLUDING  
A MORE DETERMINED EFFORT TO STEP UP AID AND THE WHOLE  
RANGE OF OTHER MEASURES REFERRED TO IN THE FOLLOWING



PARAGRAPHS ON DEVELOPMENT CO-OPERATION.

VI. DEVELOPMENT CO-OPERATION

33. THE SPECTACULAR SUCCESS OF A NUMBER OF MORE  
ADVANCED DEVELOPING COUNTRIES SHOULD NOT CONCEAL THE  
FACT THAT MOST DEVELOPING COUNTRIES REMAIN EXTREMELY  
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POOR AND THAT MANY OF THEM HAVE NOT BEEN MAKING  
SATISFACTORY PROGRESS IN THEIR ECONOMIC AND SOCIAL  
DEVELOPMENT. AS ONE PARTICULARLY SERIOUS EXAMPLE, PER  
CAPITA FOOD PRODUCTION IN THE LOW-INCOME COUNTRIES HAS  
ACTUALLY FALLEN OVER THE LAST EIGHT YEARS.

34. WHILE THESE COUNTRIES WILL BENEFIT FROM IMPROVED  
MANAGEMENT OF WORLD INTERDEPENDENCE INCLUDING STRUCTURAL  
AND INSTITUTIONAL ADAPTATION, THERE IS A NEED FOR  
POSITIVE INTERNATIONAL ACTION TO HELP THEM IN THEIR  
DEVELOPMENT EFFORTS. OECD COUNTRIES ARE COMMITTED TO  
ASSIST DEVELOPING COUNTRIES, TAKING THEIR INCREASINGLY  
DIVERSIFIED NEEDS INTO ACCOUNT, IN PARTICULAR  
THROUGH:

--- EFFECTIVE PROGRAMMES OF FINANCIAL AND TECHNICAL  
ASSISTANCE;  
--- ACTIVE INDUSTRIAL, TECHNOLOGICAL AND SCIENTIFIC  
CO-OPERATION;  
--- FURTHER EFFORTS TO IMPROVE THEIR TRADE OPPORTUNITIES.

35. RECENT PERFORMANCE OF OFFICIAL DEVELOPMENT ASSIST-  
ANCE FROM DAC MEMBERS AS A GROUP IS BOUND TO CAST DOUBT  
ON THEIR DETERMINATION TO INCREASE AID EFFECTIVELY AND  
SUBSTANTIALLY AS THEY HAVE SO OFTEN COMMITTED THEMSELVES  
TO DO. PRELIMINARY DATA FOR 1977 POINT TO A FURTHER  
DECLINE IN THE ODA/GNP RATIO TO 0.31 PER CENT WHICH,  
APART FROM 1973, IS THE LOWEST EVER RECORDED. THERE IS  
A FURTHER DISTURBING TENDENCY OF GROWING DIVERSITY OF  
AID PERFORMANCE AMONG DAC MEMBERS WITH SOME OF THE  
LARGER DONORS LAGGING CONTINUOUSLY OR EVEN INCREASINGLY  
BEHIND. RECENT STATEMENTS BY CERTAIN DONORS OF PLANS  
FOR EXPANDING THEIR AID ALLOCATIONS ARE, THEREFORE, TO  
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BE WELCOMED. ATTENTION IS ALSO DRAWN TO THE NEED FOR  
ACTION TO REMOVE OTHER CONSTRAINTS WHICH MAY HOLD BACK

THE FLOW OF AID.

36. THE DECLARATION ON RELATIONS WITH DEVELOPING COUNTRIES ADOPTED BY OECD MINISTERS AT THEIR MEETING LAST YEAR, AFFIRMED AS THE DUAL PURPOSE OF DEVELOPMENT CO-OPERATION THE GROWTH OF INCOMES AND MEETING BASIC NEEDS OF INDIVIDUALS AND CALLED FOR A REVIEW OF DEVELOPMENT ASSISTANCE TO THIS EFFECT. BUILDING UPON THIS DECLARATION, DAC MEMBERS AT THEIR HIGH-LEVEL MEETING IN OCTOBER 1977 ADOPTED A STATEMENT ON DEVELOPMENT CO-OPERATION FOR ECONOMIC GROWTH AND MEETING BASIC HUMAN NEEDS, IN WHICH THEY EXPLAIN THEIR VIEWS ON A MORE DETERMINED BASIC NEEDS-ORIENTED APPROACH TO DEVELOPMENT CO-OPERATION FOR DISCUSSION WITH DEVELOPING COUNTRIES. FURTHER EFFORTS ARE REQUIRED TO SEEK FULL CONSENSUS AMONG DONORS AND RECIPIENTS ON THE IMPLICATIONS OF A MORE BASIC NEEDS-ORIENTED APPROACH FOR DEVELOPMENT POLICIES AND TO TRANSLATE IT INTO OPERATIONAL PRACTICE.

37. THE STATEMENT UNDERLINES THE FULL CONSISTENCY OF A BASIC NEEDS-ORIENTED APPROACH WITH CONSTRUCTIVE STRUCTURAL CHANGE IN INTERNATIONAL ECONOMIC RELATIONS, LEADING TO A MORE EQUITABLE AND STABLE INTERNATIONAL

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ECONOMIC SYSTEM. DEVELOPMENT CO-OPERATION INCLUDING AID AND OTHER POSITIVE MEASURES TO STRENGTHEN AND DIVERSIFY THEIR ECONOMIES IS INDEED ESSENTIAL NOT ONLY TO HELP DEVELOPING COUNTRIES TO SECURE DECENT CONDITIONS OF LIFE FOR THEIR PEOPLE BUT ALSO IN ASSISTING THEM TO PARTICIPATE MORE BENEFICIALLY IN THE WORLD ECONOMY AND TO BECOME ACTIVE AND EFFECTIVE TRADING AND INVESTMENT PARTNERS. IT IS THUS ALSO A CONTRIBUTION TO BUILDING AN EFFICIENT AND DYNAMIC WORLD ECONOMY.

## VII. ISSUES FOR CONSIDERATION

38. MINISTERS MAY WISH TO CONSIDER WHETHER THE BROAD APPROACH OUTLINED IN THIS NOTE WOULD PROVIDE A SUITABLE FRAMEWORK WITHIN WHICH FURTHER MEASURES COULD BE JOINTLY CONSIDERED, AS WELL AS A FRAMEWORK FOR CONSTRUCTIVE DISCUSSION WITH DEVELOPING COUNTRIES ON SUCH MATTERS AS A NEW INTERNATIONAL DEVELOPMENT STRATEGY FOR THE THIRD DEVELOPMENT DECADE AND BEYOND.

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39. GLOBAL INTERDEPENDENCE AND THE PROGRAMME FOR CONCERTED ACTION FOR RECOVERY. WOULD MINISTERS AGREE THAT MORE SUSTAINED AND BETTER BALANCED GROWTH AND THE MAINTENANCE OF AN OPEN TRADE AND PAYMENTS SYSTEM ARE OF KEY IMPORTANCE FOR PROVIDING A HEALTHY AND FLEXIBLE WORLD ECONOMIC ENVIRONMENT IN WHICH DEVELOPING COUNTRIES THEMSELVES CAN PURSUE MORE DYNAMIC STRATEGIES FOR THEIR ECONOMIC AND SOCIAL DEVELOPMENT? MINISTERS MAY WISH TO NOTE AT THE SAME TIME THAT THE SUCCESS OF CONCERTED ACTION TO THIS EFFECT WILL IN PART DEPEND ON THE GROWTH AND STABILISATION POLICIES OF DEVELOPING COUNTRIES, SOME OF WHICH HAVE, IN RECENT YEARS, ACQUIRED CONSIDERABLE IMPORTANCE FOR THE WORLD ECONOMY.

40. INTERDEPENDENCE, TRADE AND ADJUSTMENT. MINISTERS MAY WISH TO DISCUSS RECENT CHANGES IN THE PATTERN OF WORLD MANUFACTURING AND TRADE, WITH PARTICULAR REFERENCE TO THE ADVANCES MADE BY NEWLY INDUSTRIALISING DEVELOPING COUNTRIES. OF PARTICULAR IMPORTANCE WOULD BE A CLEAR REASSERTION OF THE FUNDAMENTAL PRINCIPLE OF ADJUSTING TO DYNAMIC CHANGES IN THE PATTERN OF WORLD PRODUCTION. TO THIS END, MINISTERS MAY WISH TO COMMIT THEMSELVES TO ACCEPTING THE NECESSARY ADJUSTMENTS IN THEIR OWN ECONOMIES, WHILE ENCOURAGING NEWLY INDUSTRIALISING COUNTRIES GRADUALLY TO UNDERTAKE CHANGES IN POLICIES COMMENSURATE WITH THEIR OWN LEVELS OF DEVELOPMENT AND

EXTERNAL POSITION. IN THIS CONNECTION, IT WILL BE  
RECALLED THAT UNDER ITEM 3 OF THE AGENDA, MINISTERS ARE  
INVITED TO RENEW THE TRADE PLEDGE AND RE-EMPHASISE  
THEIR SUPPORT FOR THE MULTILATERAL TRADE NEGOTIATIONS  
AND UNDER ITEM 4 THEY ARE INVITED TO ENDORSE SOME  
GENERAL ORIENTATIONS FOR MORE POSITIVE ADJUSTMENT  
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POLICIES WHICH WOULD FACILITATE ADJUSTMENT TO CHANGES IN  
TRADE WITH DEVELOPING COUNTRIES.

41. WORLD INTERDEPENDENCE AND ENERGY. WHILE REAFFIRM-  
ING THEIR PREPAREDNESS TO MAKE A POSITIVE AND CONSTRUC-  
TIVE CONTRIBUTION TO INTENSIFIED INTERNATIONAL ENERGY  
CO-OPERATION AMONG DEVELOPED AND DEVELOPING COUNTRIES  
IN WAYS WHICH ARE SUITABLE TO ALL COUNTRIES CONCERNED,  
MINISTERS WILL NOTE THAT PROGRESS IN EVOLVING AN EFFEC-  
TIVE INSTITUTIONAL FRAMEWORK FOR GLOBAL DISCUSSIONS  
AND CO-OPERATION ON ENERGY HAS SO FAR BEEN LIMITED AND  
THAT, IN THE LIGHT OF DISCUSSIONS AT CIEC AND SUBSEQUENT-  
LY IN THE UNITED NATIONS, IT WOULD NOT APPEAR OPPORTUNE  
FOR INDUSTRIAL COUNTRIES TO LAUNCH A MAJOR NEW INITIA-  
TIVE AT THIS STAGE.

42. A POSITIVE APPROACH TO THE EFFICIENT MANAGEMENT  
OF INTERDEPENDENCE AND STRUCTURAL CHANGE THROUGH  
INCREASED INVESTMENT IN KEY SECTORS. WOULD MINISTERS  
AGREE THAT IT WOULD BE DESIRABLE TO TAKE MEASURES TO  
ENCOURAGE INVESTMENTS IN DEVELOPING COUNTRIES IN SEC-  
TORS, SUCH AS ENERGY, FOOD PRODUCTION, CERTAIN INDUSTRI-  
AL MATERIALS AND RELATED INFRASTRUCTURE, WHICH ARE  
ESSENTIAL FOR SUSTAINED AND MORE BALANCED WORLD ECONOMIC  
GROWTH AND WHERE THE MARKET RESPONSE IN TERMS OF TOTAL  
FLOWS, SECTORAL BALANCE AND SUSTAINABILITY OF MATURITY

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STRUCTURE, HAS BEEN INADEQUATE? WOULD THEY CONSIDER  
IT USEFUL TO ASK THE ORGANISATION TO EXAMINE THE SCOPE  
FOR A CO-ORDINATED COLLABORATIVE APPROACH WITH DEVELOP-  
ING COUNTRIES, INVOLVING THE MOBILISATION OF UNUSED  
SAVINGS FOR INCREASED INVESTMENT FLOWS TO DEVELOPING  
COUNTRIES, THROUGH THE VEHICLE OF THE INTERNATIONAL  
FINANCIAL INSTITUTIONS INCLUDING INCREASED CO-FINANCING  
AS WELL AS MEASURES TO ENCOURAGE DIRECT PRIVATE FLOWS?

43. DEVELOPMENT CO-OPERATION. MINISTERS MAY  
WISH TO RENEW THEIR COMMITMENT TO DEVELOPMENT CO-OPERA-  
TION INCLUDING BOTH ADEQUATE LEVELS OF AID AND OTHER  
POSITIVE MEASURES IN SUCH AREAS AS FINANCE AND INVEST-  
MENT, SCIENCE AND TECHNOLOGY AND TRADE AND COMMODITIES  
WHICH WOULD HELP DEVELOPING COUNTRIES TO SECURE DECENT  
CONDITIONS OF LIFE FOR THEIR PEOPLE, STRENGTHEN  
AND DIVERSIFY THEIR ECONOMIES AND PARTICIPATE MORE  
BENEFICIALLY IN THE WORLD ECONOMY. IN VIEW OF THE  
DISAPPOINTING RECENT OVERALL AID RECORD,  
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MINISTERS MAY WISH TO CALL UPON DAC MEMBERS TO STRENGTHEN  
THEIR EFFORTS TO ACHIEVE MORE SATISFACTORY LEVELS OF  
AID. THEY MAY ALSO WISH TO ASK THE DAC HOW ANY OTHER  
CONSTRAINTS THAT MAY HAVE HELD BACK THE FLOW OF AID CAN  
BE REMOVED, THROUGH SUCH MEASURES AS REDUCING PROCEDURAL  
AND ADMINISTRATIVE BOTTLENECKS ON BOTH THE DONOR AND  
RECIPIENT SIDES.  
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